

**Examination into The Joint Core Strategy (JCS) For Broadland, Norwich
and South Norfolk Produced By
The Greater Norwich Development Partnership**

Response to Inspector's Questions and Matters

**Matter 2 Does the JCS make sound provision for housing delivery?
(Policy 4 & Appendix 6: the housing trajectory)**

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Matter 2 Does the JCS make sound provision for housing delivery? (policy 4 & Appendix 6: the housing trajectory)

General Housing:

A Is JCS's planned provision of housing land to 2026 justified, effective and consistent with national policy, including the recent changes to PPS3 Housing with regard to the status of garden land and the deletion of a national indicative minimum density?

1. Whilst the Regional Strategy (RS) was revoked by the Secretary of State on 6 July 2010, the evidence base which underlies the RS was tested through independent examination and found to be sound. As the Secretary of State has set out, the evidence base may be a material consideration. Ministers have also clearly stated that they wish to deliver more homes. Whilst elements of PPS3 have been repealed, the majority of it remains as Government policy, including a commitment to improving affordability and supply of housing in all communities (PPS3, para. 3) and ensuring everyone has the opportunity if living in a decent homes (PPS3, para. 9).
2. GNDP's August 2010 topic paper on the evidence on appropriate levels of house building (EIP77) considers a range of evidence as justification for the JCS. It is clear that there are a number of factors - demographic, economic, social - which point broadly to a level of housing provision akin to that within the JCS.
3. The 2008 published RS made provision for 37,500 homes in the 3 districts over the period 2001 – 2021, at an annual average of 1,875 homes. In April 2010, the Regional Assembly submitted draft revisions to the RS which, amongst other things, set out figures for housing to provision for 2011 to 2031. In relation to the three districts, those draft revisions sought to provide 42,000 homes across the 20 year period, or 2,100 homes per year.
4. Given that the RS evidence base was tested and found to be sound, the recent position of the local authorities in response to the draft revisions to the RS and the range of evidence within the topic paper (EIP77), we see no evidence to suggest that a lower figure than that in the revoked RS figure would be appropriate.
5. Elements of the evidence base suggest that levels of housing provision might need to be increased. In particular, the East of England Forecasting Model (EEFM) suggests a figure of 40,000 homes to 2026, or 2,000 per year. This figure represents a slight increase on the 2008 RS figure. However, given that:
 - the JCS seeks to deliver a minimum of 36,740 homes
 - that options appraisal and capacity testing has focussed on the delivery of the revoked RS figures; and
 - the Councils have indicated that the JCS will be kept under review
6. We consider that in terms of the overall level of housing provision, the JCS is justified, effective and consistent with national policy and the review can be used as the mechanism to consider higher rates of growth.

B Is the JCS effective and clear about the mechanisms and timescales for achieving a supply of developable housing land for years 0-5 (and deliverable land for years 6-15) in the overall context of the 3 Councils' planned and programmed Local Development Documents (see para 53, PPS3)?

7. The JCS is part of a suite of documents which collectively will deliver the vision for the three districts. PPS12 (para. 4.5) requires that core strategies make clear spatial choices about where developments should go in broad terms. Subsequent DPDs will define individual sites over the next two or three years.

8. In respect of development within the growth triangle, new home completions are expected to contribute to the supply from 2014/15. We urge that the planning system be used to facilitate growth and bring forward development as early as possible. Despite the planning reforms commenced in 2004 which sought to speed the development plan process, the effect has if anything been to delay further the bringing forward of up to date plans. We consider therefore that the councils should seek to streamline development plan processes as far as possible, whilst maintaining effective engagement. For example, it appears to have become the norm to consult on issues and options, then to consult on preferred options, before consulting on the publication version of a DPD. That is often then followed by consultation on further changes. Changes introduced in to the regulations 2008 sought to further streamline the system by in effect removing the preferred options stage. It had been expected that this might remove up to a year from the timescales for preparing plans, but to date appears not to have had any significant effects. We also consider that the authorities should seek to twin-track planning applications with the development plan process, enabling decisions to be reached on major schemes at or around the time DPDs are adopted. Such an approach may enable earlier delivery.

Affordable Housing:

D Is policy 4 (as amended by GNDP Focussed Changes 1-4) justified, effective and consistent with national policy in relation to Affordable Housing (AH)?

9. We fully acknowledge the need for sites to provide for a mix of housing types and tenures. However, we consider that the policy is unsound and likely to be ineffective in delivering not only market homes, but as a consequence, affordable homes.

Proportion of affordable housing

10. The policy requires the proportion of affordable housing to be based on the most up to date housing needs assessment for the plan area. This suggests that the proportion of affordable housing may change without subjecting the policy to further testing through the development plan process. We consider that to be not in accordance with national policy and hence unsound.
11. The proportion of affordable housing to be sought must be set out in a DPD policy where it can be properly tested for its impact on delivery and viability.

Variable targets

12. We consider that the variable approach to targets is unsound.
13. PPS3 requires that LDDs should set out the range of circumstances in which affordable housing will be required. The PPS advises that this could include setting different proportions for a series of site-size thresholds, but that this needs to consider the likely impact upon overall levels of housing delivery and creating mixed communities. Whilst PPS3 allows for a range of targets to be set, we do not consider that the Core Strategy as currently drafted is justified and that it does not take into account sufficiently the potential impact on housing delivery.
14. We consider that the variable targets set out in FC1 are unsound as they are not justified by the evidence base nor are they likely to be effective.
15. The differential targets in the policy are likely to distort the market. They will make smaller sites more attractive to the detriment of the major sites. Delivery of these major sites is central to the achieving the strategy and in order to ensure the scale of new homes needed, both market and affordable can be delivered. The major sites have significant infrastructure costs not associated with smaller sites. Often much of this infrastructure needs to be delivered upfront, for example, strategic roads and sewer provision in order to enable a number of developers to commence development.

16. FC1 effectively provides a premium for smaller sites. The effect of the policy is likely to be delay to the delivery of the strategic sites, and hence market and affordable homes. This is likely to mean that, in order to maintain a five year supply, sites would be released in less favourable/sustainable locations. Such sites will be smaller, and hence attract less affordable housing. The policy is also likely to lead to dispersed development rather than encourage the delivery of the strategy as set out.
17. The issue of viability and differential targets was recently considered at the examination into the St Edmundsbury Core Strategy. In that case, the inspector found that the viability assessment had only undertaken analysis across a range of sites from 3 to 100 dwellings. The inspector concluded (see Annex 1) that there was insufficient evidence to support a higher percentage (40%) on the strategic sites and that this should be reduced to 30%. The inspector also commented (at para. 6.5) that the change would address concerns that by having a different percentage in relation to different sizes of site this might distort the housing market to the disadvantage of the strategic locations.

E Does the viability study by Drivers Jonas Deloitte, dated July 2010, provide sound evidence for the amended policy on AH? [see results and conclusions at p24-35]

18. Paragraph 29 of PPS3 requires that local planning authorities undertake an informed assessment of economic viability of any thresholds and proportions of affordable housing proposed, including their likely impact on overall levels of housing delivering and creating mixed communities. We do not consider the DJD report meets those requirements and it does not provide a sound evidence base for the policy on affordable housing.

Strategic sites

19. The DJD report assessed viability based on a notional one hectare site. The results are then extrapolated to assess viability on all sites. We consider that approach to be unsound. The circumstances pertaining to sites of one hectare cannot be simply grossed up and be said to apply to strategic sites. These strategic growth major sites have significant infrastructure costs not associated with smaller sites. Often much of this infrastructure needs to be delivered upfront, for example, strategic roads and sewer provision in order to enable a number of developers to commence and progress on parts of the site concurrently. This upfront investment has significant implications for cash flow. Major sites also provide significant community gain on site.
20. Strategic sites involve significant upfront promotional costs, often taking a number of years to bring forward. Once consent is obtained they may involve significant upfront infrastructure to be delivered before the development of new homes can commence. It can be many years before strategic sites start to deliver positive cashflow.
21. As we indicated in our response to Matter 2D, the issue of viability was recently considered at the examination into the St Edmundsbury Core Strategy. In that case, the consultants had assessed the viability of sites ranging from 3 to 100 dwellings. The consultants themselves recognised that further viability review was required in relation to strategic sites. The inspector held that PPS3 required the targets should reflect an assessment of viability and that there was therefore insufficient evidence to support a higher target being applied to strategic sites.

Market distortion

22. The variable targets effectively provide a premium for smaller sites and are likely to distort the market. The effect of the policy is likely to be delay to the delivery of the strategic sites, and hence market and affordable homes. This is likely to mean that, in order to maintain a five year supply, sites would be released in less favourable/sustainable locations. Such sites will be smaller, and hence attract less affordable housing and fewer community benefits. The policy is likely to lead to dispersed development rather than encourage the delivery of the strategy as set out.
23. The Core Strategy needs to be founded on a recognition of the factors which impact upon the delivery of strategic sites. Delivery of the major sites is central to achieving the strategy and in order to ensure the scale of new homes needed, both market and

affordable can be delivered. However, we do not consider the policy as drafted to be sound and the differential targets in the policy are likely to distort the market. They will make smaller sites more attractive to the detriment of the major sites.

Code for sustainable homes

24. The DJD report sets out (at 8.4) that Drivers Jonas Deloitte's research suggests additional costs of £7,000 per unit to achieve Code Level 4. At page 31 the report suggests that this adds around 7 – 9% to construction costs. No evidence is presented to substantiate these estimates of increase in costs. We consider those figures to be a substantial underestimate of the cost. Research by the Zero Carbon Hub (ZCH) 'Defining a Fabric Energy Efficiency Standard for zero carbon homes' published in November 2009 identified that the average costs of achieving just the energy efficiency requirements for Code Level 3 to be in the range of 9 - 11%. Adding the further requirements for achieving Code Level 3 in its entirety will be significantly more than the 9 – 11% noted in the ZCH findings. We therefore consider that the assumption of a 7 to 9% addition to total build costs assessing the construction costs of Code Level 4 is wholly insufficient.
25. The DJD Viability Study also assesses the impact of Code 5. The Core Strategy proposes no policy requirements in relation to Code Level 5 and we therefore question why the study has looked at this. Policy 3 seeks to require Code Level 6 from 2015 and it is this impact which should have been assessed by the study in order to inform the soundness of the policy. Code 6 is likely to be adding between 35 and 40% to the cost base, according to CLG's latest costs review. Given that a significant amount of development is likely to take place on strategic sites post 2016 (or 2015 if Policy 3 is approved) FC1 needs to be founded on an assessment of the construction costs of delivering Code 6, not Code 5. The Affordable Housing Viability report states that Code 5 makes a large proportion of options unviable. However, from the report it is unclear which options that applies to. We do not consider that is an appropriate basis upon which policy can be adopted.

S106/CIL/Tariffs

26. We also consider the DJD study likely to underestimate the S106/CIL contributions. The study assumes contributions of between £7,000 and £15,000 per unit. Further work is underway in relation to the CIL targets. The Greater Norwich Infrastructure Needs and Funding Study October 2009 considered a range of tariffs across the JCS area, some considerably in excess of those set out in the Affordable Housing Viability Study.
27. Greater clarity is required from GNDP as to the proposed levels of contribution to be sought from development to enable a reasoned assessment to be made of the affordable housing contributions.
28. We do not consider the viability study to be a sound basis on which to set thresholds.

G National policy in PPS3 excludes housing for sale from the definition of AH, whereas the JCS includes it [see glossary at Appendix 9]. Are there any local circumstances to justify this departure from national policy?

29. PPS3 does not exclude housing for sale from the definition of affordable housing. PPS3 requires that to qualify as affordable, housing - whether for rent or sale - must be available at a cost/price low enough for eligible households to afford. Intermediate housing is specifically said to include shared equity products or other low cost homes for sale. The key issue is that the homes ~~are~~ available at below market rents or price.

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- J *If the JCS is unsound in relation to AH, are there any specific changes that would render it sound? [It would be necessary to consider whether these required further consultation or sustainability appraisal.]*
30. We consider that there is insufficient evidence to support the variable approach or the percentages sought. We therefore consider that to make the Joint Core Strategy sound, Policy 4 and the supporting text should be deleted and further work undertaken and affordable housing policy set through other DPDs.
31. In the event that the Examination finds there is sufficient evidence to support within the JCS the inclusion of threshold(s) and the proportion of affordable housing to be sought, we consider that the same proportion of affordable housing should be sought at the Strategic Growth Locations as from other sites.



Report to St Edmundsbury Borough Council

**by Mike Moore BA(Hons) MRTPI
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Date 24 August 2010

PLANNING AND COMPULSORY PURCHASE ACT 2004 SECTION 20

REPORT ON THE EXAMINATION INTO THE ST EDMUNDSBURY CORE STRATEGY DEVELOPMENT PLAN DOCUMENT

Document submitted for examination on 8 January 2010

Examination hearings held between 27 April and 13 May 2010

File Ref: PINS/E3525/429/4 (LDF001029)

6 Affordable Housing

Whether the Core Strategy makes appropriate provision for affordable housing.

- 6.1 The CS does not include an overall target for the provision of affordable housing. Instead Policy CS5 sets a target for small sites (0.17-0.3ha or 5-9 dwellings) of 20% affordable housing. For larger sites (over 0.3ha or 10 or more dwellings) the target is 30%. However, for the broad locations for development identified in Policies CS11 and CS12 at Bury St Edmunds and Haverhill the figure is 40%. The policy is subject to a general proviso that the Council may be willing to negotiate a lower percentage in particular circumstances including where there are issues of development viability and mix.
- 6.2 PPS3 requires that an overall (plan-wide) target for the amount of affordable housing should be set. It would be possible to estimate an umbrella figure from the likely shares of future development in the different size categories in Policy CS5. Subject to my conclusions, below, on the appropriateness of the different targets, the Council should calculate an overall figure for monitoring purposes. However, as the individual targets have been set, I regard the absence of a Borough-wide measure in the CS as not so significant as to affect the soundness of the plan.
- 6.3 In addition to the SHMA, the evidence base for the affordable housing targets draws on an Affordable Housing Economic Viability Assessment (D2-JABR-08) produced jointly with nearby Councils. In my view, this is a robust basis for the 20% and 30% targets set in the policy. It also supports and justifies the use of site size thresholds that are lower than the national indicative minimum of 15 dwellings in PPS3.
- 6.4 The viability assessment is based on an analysis of residential scenarios across a range of sites between 3 and 100 dwellings. However, the smallest of the strategic growth locations is for about 450 dwellings. The assessment recommends that, subject to further viability review and the relevant development brief/master planning processes, there could be scope for consideration of a higher target than the general 30% in respect of particular strategic development areas. Even so, it suggests that this should be pitched no higher than 35% in those circumstances only. PPS3 requires that a target in a LDD should reflect an assessment of the likely economic viability of land for housing. Although the 40% target for the strategic locations in Policy CS6 is subject to further assessment, I find that there is insufficient justification within the evidence base to support this figure and therefore that the 30% provision should apply. In recommending an amendment to the policy to reflect this I have nevertheless recognised the possibility that there may be opportunities in particular locations for a higher proportion and that this could be examined further in the preparation of the AAPs.
- 6.5 My proposed change to the policy will address concerns that by having a different percentage in relation to different sizes of site this might distort

the housing market to the disadvantage of the strategic locations. As smaller sites are likely to be part of more extensive residential areas I am not persuaded that the different percentages for the two sizes of site would have a materially detrimental effect on achieving mixed and balanced communities.

- 6.6 The target that some 35% of housing coming forward through planning permissions should be affordable in EoEP Policy H2 no longer applies following revocation. I note that the targets in the CS would fall short of this with my proposed removal of that for the strategic locations. However, they reflect the recent changes to the economy and the housing market that have occurred since the EoEP was adopted in 2008 and are based on more up to date detailed local evidence. I am content that the difference from the former regional target is justified.
- 6.7 The CS does not set separate targets for social-rented and intermediate affordable housing nor make reference to key worker housing. However, it makes clear that the mix, size and tenure of affordable homes should seek to meet the local identified housing need. The SHMA, Housing Register and other local data sources will provide the context for these matters to be considered in subsequent DPDs and on a site by site basis. I am satisfied that the aim of delivering mixed and balanced communities can be addressed through this process and therefore that specific targets of this kind in the CS are not essential.
- 6.8 Subject to my recommended changes (**C10, C11**) concerning the target for the strategic locations in Bury St Edmunds and Haverhill I conclude that the Core Strategy makes appropriate provision for affordable housing in accordance with national policy.

7 Gypsies, Travellers and Travelling Showpeople

Whether the Core Strategy has adequately addressed the accommodation needs of the travelling community in accordance with national policy.

- 7.1 Circulars 01/2006 and 04/2007 set out national policy relating to gypsy, traveller and travelling showpeople sites and they indicate that a core strategy should set out criteria for the location of such sites. The relevant part of the submitted CS has in my view a number of significant inconsistencies or conflicts with national policy. These matters were raised with the Council at the beginning of my examination. As a result the Council proposed some suggested changes to Policy CS6 and its supporting text and undertook further consultation on these. In part they incorporate criteria from a policy in the Council's emerging Development Management DPD (G1-MISC-08) which has reached the submission stage. This policy would be deleted were I to support the proposed amendments. I have taken account of the suggested changes and the consultation responses to them in my conclusions.